

# City of Newburgh

## Press Release

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**For immediate release**

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### ACTING CITY MANAGER ISSUES STATEMENT ON GOVERNOR'S SIGNING OF NEWBURGH FISCAL RECOVERY ACT

The City of Newburgh is very pleased to announce that the City of Newburgh Fiscal Recovery Act (Chapter 223 of the Laws of 2010) was signed into law Tuesday by Governor David A. Paterson as the Governor's Program Bill Number 302, S.8367/A.11558. This new law will authorize the City of Newburgh to issue bonds to liquidate certain deficits and impose certain budgetary requirements. This will include imposing fiscal accountability requirements and provide for the establishment of a Special Debt Service Fund for the City to be held by the Comptroller of the State of New York in order to restore the City's fiscal integrity and improve its ability to market bonds.

The fiscal condition of the City of Newburgh deteriorated in recent years as a result of serious local economic and demographic challenges. In addition, the City did not have in place proper financial accounting policies, was utilizing improvident budgeting and taxing practices and has had significant turnover in positions responsible for the management of City finances.

All of these factors have led to a substantial structural imbalance between revenues and expenditures, with a projected cumulative deficit of \$10 million to \$12 million. These circumstances have caused an independent bond rating service to lower the City's bond rating below investment grade, thereby making the City's ability to access the credit market uncertain.

Acting City Manager Richard F. Herbek stated that this measure was absolutely crucial to the financial recovery and the future fiscal stability of the City of Newburgh. He commented, "We are extremely grateful for the Governor's leadership and to have been able to work so closely with the Division of the Budget and the State Comptroller's Office in order to craft the necessary legislation that will assist the City with its fiscal recovery." He continued, "We wish to also thank Senator William J. Larkin and Assemblyman Frank Skartados for their support and their assistance in helping to guide the legislation through the Senate and Assembly. "